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CENTRAL INTELLIGENCE AGENCY

*Memorandum*



THE SITUATION IN VIETNAM

Information as of 1600  
29 August 1966

ARMY and DOS review(s) completed.

PREPARED FOR THE NATIONAL SECURITY COUNCIL  
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HIGHLIGHTS

Rumors persist in South Vietnam about the possibility of command changes in II and IV Corps after the September election. The North Vietnamese economic delegation currently in Peking has signed an agreement under which the Chinese will provide Hanoi with "economic and technical assistance."

I. Military Situation in South Vietnam:

Thirty large-scale allied/Vietnamese ground operations continue according to plan but without significant enemy contact (Para. 1). The pattern of Communist-initiated military activity continues to emphasize small-scale probing actions, terrorism, harassment, and sabotage against military and civilian targets in widespread sections of South Vietnam (Paras. 2-4).

II. Political Developments in South Vietnam:

II Corps commander General Loc and IV Corps commander General Quang may be replaced after the 11 September elections (Para. 1). Flood conditions expected soon in the heavily populated delta region south of Saigon may interfere with the voter turnout on election day (Para. 2). A special South Vietnamese court has sentenced a Vietnamese businessman to death in absentia for speculation (Para. 3).

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III. Military Developments in North Vietnam:

A second North Vietnamese Navy patrol boat was probably sunk east of Haiphong on 29 August (Para. 1). A US Air Force plane was lost to unknown causes on 29 August near Dong Hoi (Para. 2).

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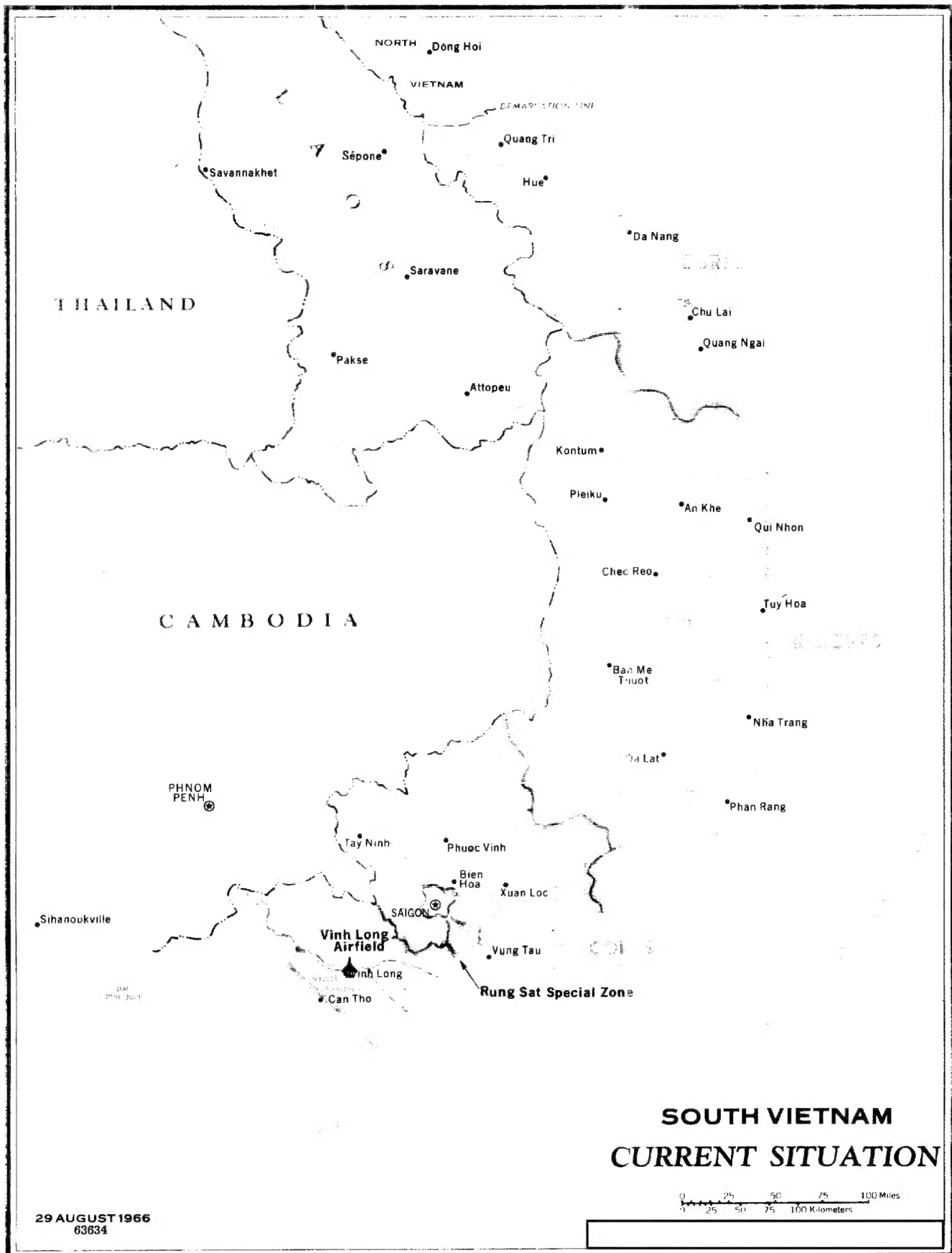
IV. Other Communist Military Developments:  
There is nothing of significance to report.

V. Communist Political Developments: The North Vietnamese economic delegation currently in Peking has signed an agreement for economic and technical assistance with the Chinese (Para. 1).

VI. Other Major Aspects: The primary rail supply line from China into North Vietnam is apparently usable by standard- as well as narrow-gauge rolling stock for about half the distance from the China border to Hanoi (Paras. 1-3).

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I. THE MILITARY SITUATION IN SOUTH VIETNAM

1. No significant contacts have been reported during the past 24 hours in any of the 30 battalion-sized or larger allied/Vietnamese search-and-destroy operations currently in progress.

Viet Cong Activity

2. Communist military activity during this period reflected an absence of large-scale attacks or ambushes against major troop concentrations and stationary target areas. Rather, the pattern of enemy operations continued to emphasize small-scale, widespread probing actions against isolated, lightly defended military installations and outposts, acts of minor harassment and terrorism against both military and civilian personnel, and intensified sabotage against railroad, highway, and inland waterway transportation routes.

3. Late on 28 August, Viet Cong forces shelled the Vinh Long airstrip in Vinh Long Province, 65 miles southwest of Saigon, with 10-20 rounds of 75-mm. recoilless rifle fire. Seven US Army helicopters were damaged but no friendly casualties were reported.

4. Southeast of Saigon, in the Rung Sat Special Zone, a Viet Cong mine exploded early today approximately 15 feet from a US Navy minesweeper operating along the main channel of the Tong Tac River. There has been no report of casualties or damage. Delayed MACV reports of 26 August indicate that the Viet Cong mined a GVN boat convoy of three landing craft in Vinh Long Province, sinking one boat and killing one Regional Forces soldier.

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II. POLITICAL DEVELOPMENTS IN SOUTH VIETNAM

1. [REDACTED]

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[REDACTED] the government is planning to make changes in the military leadership in II and IV Corps after the 11 September elections, possibly including the replacement of II Corps commander General Loc and IV Corps commander General Quang. In such an event, Generals Quang and Loc would be assigned posts in Saigon.

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[REDACTED] Both Quang and Loc have sporadically been rumored for replacement since last March, when General Thi was dismissed as I Corps commander.

2. The US Embassy in Vientiane has reported that flood conditions have been reached on the Mekong River in the vicinity of the Laotian capital. It is estimated that the flood stage will reach the heavily populated delta area in South Vietnam within a week or ten days, possibly posing an additional problem to the government in assuring a large voter turnout for the constitutional assembly election on 11 September.

3. According to the press, South Vietnam's special court for economic crimes today sentenced a Vietnamese businessman to death for speculation in imported refrigerators. The accused was tried in absentia and a warrant has been issued for his arrest. The trial and subsequent execution of a local Chinese merchant by this same court last March touched off an adverse reaction among the important Chinese segment of the Saigon business community.

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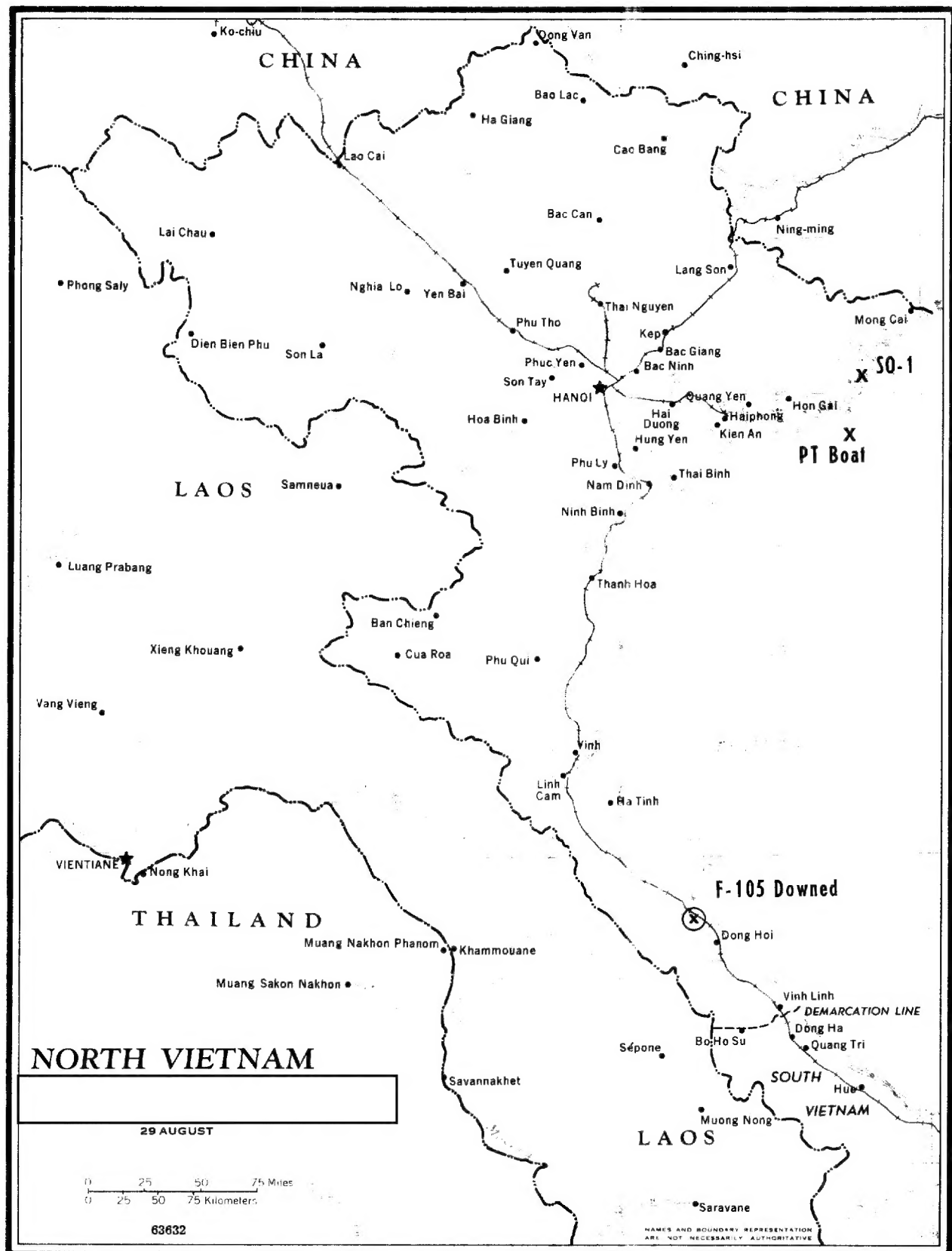
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### III. MILITARY DEVELOPMENTS IN NORTH VIETNAM

1. A second North Vietnamese Navy patrol boat was probably sunk in the coastal islands east of Haiphong on 29 August. The boat, tentatively identified as an SO-1 class subchaser, was discovered moored near an island and opened fire as US Navy aircraft made an identification pass over the ship. The flight leader of the four A4 aircraft reported that the North Vietnamese craft was destroyed by gun and rocket fire. In an earlier encounter on the same day US Navy planes were reported to have sunk a North Vietnamese torpedo boat in the coastal waters 45 miles east of Haiphong.

#### Aircraft Loss

2. A US Air Force F-105 aircraft was lost to unknown causes on 29 August while conducting armed reconnaissance near Dong Hoi. The pilot made a successful ejection but could not be rescued by search-and-rescue aircraft because of heavy ground-fire.

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IV. OTHER COMMUNIST MILITARY DEVELOPMENTS

1. There is nothing of significance to report.

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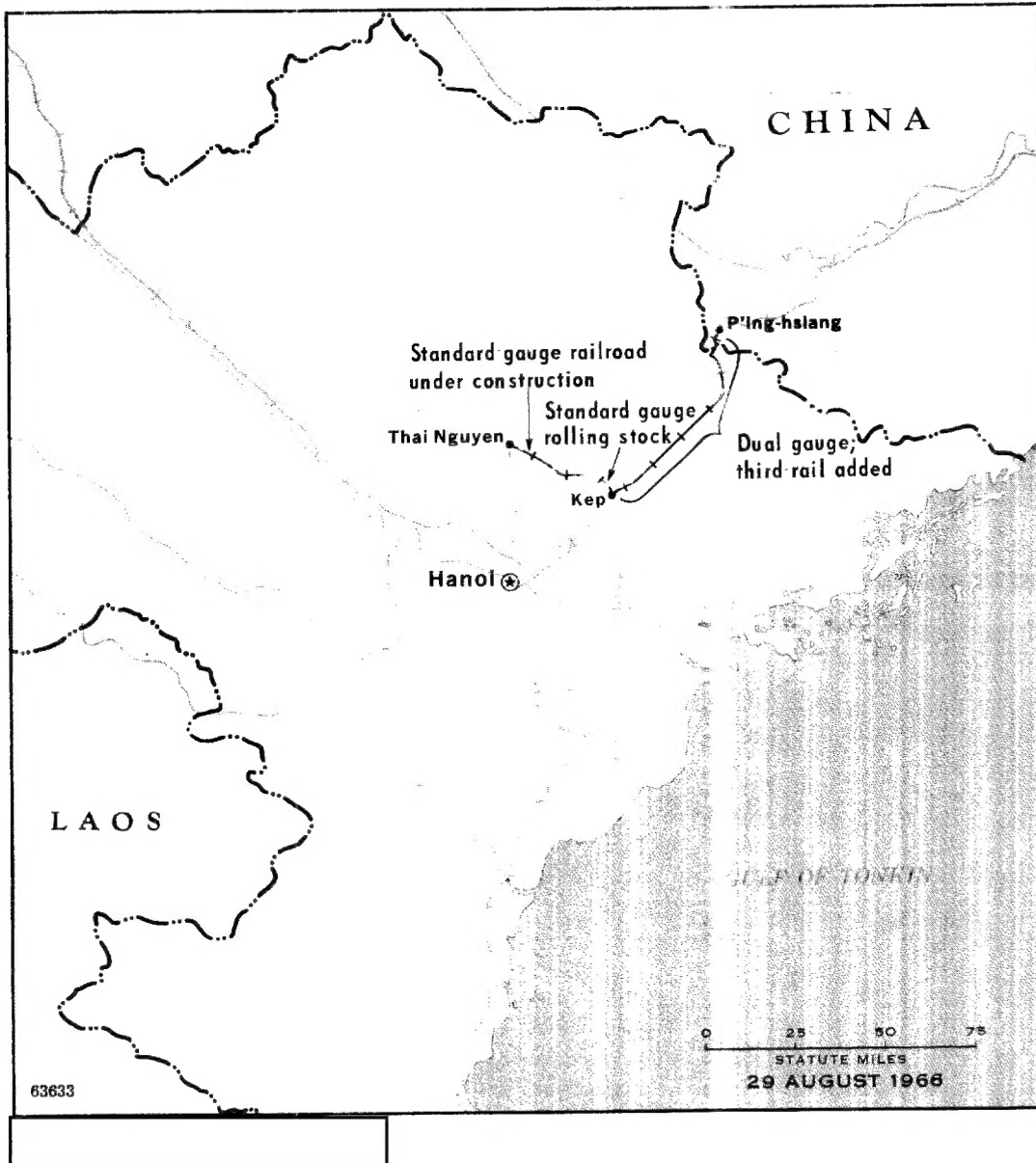
V. COMMUNIST POLITICAL DEVELOPMENTS

1. The North Vietnamese economic delegation headed by politburo member Le Thanh Nghi, which has been in China since 19 August, signed an aid agreement with the Chinese on the 29th, according to press reports. Under the agreement, whose terms were not spelled out, China will provide "economic and technical assistance" to North Vietnam. Le Thanh Nghi led two similar economic delegations to China and several bloc countries in the past two years. There is as yet no indication as to whether this present delegation will visit additional countries before returning to Hanoi.

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## DRV Standard Gauge Railroads



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## VI. OTHER MAJOR ASPECTS

1. The primary rail supply line from China into North Vietnam is apparently usable by standard as well as narrow-gauge rolling stock for about half the distance from the China border to Hanoi. Photography [ ] showed standard-gauge rolling stock--including a locomotive--near Kep, a town about midway on the Hanoi - Ping-hsiang railroad and one terminus of the standard-gauge line under construction to Thai Nguyen. The standard-gauge rolling stock could only have come from China using a third rail added to the original narrow-gauge track. Segments of line with the third rail have been observed between Kep and Ping-hsiang since early April.

2. The ability to use standard-gauge stock will raise the line's speed and its load capacity. In addition, North Vietnam will now be able, if necessary, to draw on the Chinese inventory of cars to supplement domestic stocks of narrow-gauge cars.

3. If the third rail is eventually added between Kep and Hanoi, the necessity for transloading Vietnam-bound freight would be postponed until arrival in Hanoi, a transport hub with a profusion of transshipment facilities.

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